

Message Text

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ACTION EUR-25

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TO SECSTATE WASHDC 1023

DEPT OF COMMERCE

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TAGS: BEXP, BCEN, XX, NATO

SUBJECT: STATE/COMMERCE COOPERATION ON COMMERCIAL PROGRAM

REFS: (A) STATE 141993;

(B) STATE 143219

BEGIN SUMMARY: WE RECOMMEND AS AN AGENDA TOPIC FOR STATE/COMMERCE
QUARTERLY MEETING THE PROBLEM OF THE THRESHOLD AT WHICH U.S.
FIRMS BECOME INTERESTED IN BIDDING ON NATO INFRASTRUCTURE PROJECTS.
WE BELIEVE THE THRESHOLD QUESTION IS NOT ONLY SIGNIFICANT FOR
NATO PROCUREMENT BUT IS ALSO OF GENERAL INTEREST TO MANY POSTS.
END SUMMARY.

1. WE WELCOME OPPORTUNITY TO SUGGEST PROBLEM AREAS FOR AGENDA
OF FIRST STATE/COMMERCE QUARTERLY MEETING WITH TOP ADVISORS ON
AUGUST 13. REFTEL A STATES THAT AMONG PURPOSES OF MEETING ARE TO
SECURE MAXIMUM INCREASE IN EXPORTS AND TO SHARPEN FOCUS OF COMMERCIAL
PRIORITIES. OUR SUGGESTED PROBLEM AREA, WHICH RELATES TO BOTH
THESE PURPOSES, IS THE THRESHOLD AT WHICH U.S. FIRMS ARE
INTERESTED IN BIDDING ON NATO INFRASTRUCTURE PROGRAMS UNDER
INTERNATIONAL COMPETITIVE BIDDING PROCESSES.

2. U.S. FIRMS ARE VERY INTERESTED IN BIDDING ON SOPHISTICATED
EQUIPMENT, E.G., FOR ELECTRONICS AND COMMUNICATIONS. U.S.
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FIRMS ARE GENERALLY NOT INTERESTED IN CIVIL WORKS PROJECTS
CONSISTING PRIMARILY IN CONCRETE, EARTH MOVING, AIRFIELD AND
BUILDING CONSTRUCTION, ETC. BETWEEN THESE EXTREME TYPES OF
PROCUREMENT LIES A THRESHOLD, IN CATEGORIES OF PROJECT AND IN

DOLLAR MAGNITUDE, AT WHICH U.S. FIRMS BECOME INTERESTED IN BIDDING. ANY ENCOURAGEMENT STATE AND COMMERCE CAN GIVE BUSINESS TOWARD CAREFUL EXAMINATION OF THAT THRESHOLD, WITH A VIEW TOWARD EXTENDING IT TO MORE CATEGORIES OF PROJECTS AND TO PROJECTS OF A LESSER DOLLAR MAGNITUDE, WOULD SERVE THE PRUPOSE OF EXPORT EXPANSION. SIMILARLY, ANY DETERMINATION WASHINGTON CAN SUPPLY ON WHERE THE THRESHOLD ACTUALLY IS WOULD SERVE THE PURPOSE OF SHARPENING THE FOCUS OF COMMERCIAL PRIORITIES. WE BELIEVE IT WOULD BE PARTICULARLY USEFUL TO HAVE AN ANALYSIS IN TABULAR FORM LISTING SEVERAL BROAD CATEGORIES AND SHOWING FOR EACH A ROUGH MINIMUM DOLLAR MAGNITUDE AT WHICH US BUSINESS WOULD BE INTERESTED IN BIDDING. THIS WOULD HELP FOCUS OUR EFFORT HERE TO MAXIMIZE THE U.S. SHARE OF NATO INFRASTRUCTURE PROJECTS, AND WE FELIEVE IT WOULD HELP WASHINGTON AS WELL.

3. WE BELIEVE THE THRESHOLD PROBLEM WOULD BE AN APPROPRIATE AND TIMELY SUBJECT FOR THE AGENDA OF THE ADVISORS' MEETING AUGUST 13, BOTH BECAUSE OF THE AMOUNT OF BUSINESS INVOLVED IN THE NATO INFRA-STRUCTURE PROGRAM (\$200-300 MILLION PER YEAR), AND BECUASE WE BELIEVE THE BASIC PROBLEM TO BE A GENERAL ONE FACED BY MANY POSTS. WE SHALL DISCUSS THE PARTICULAR NATO PROBLEM IN SOME DETAIL WITH IVAN MORRISON OF COMMERCE'S BUREAU OF COMPETITIVE ASSESSMENT AND BUSINESS POLICY WHEN HE VISITS HERE IN SEPTEMBER IN VIEW OF THAT BUREAU'S PARTICULAR INTEREST IN NATO PROCUREMENT (REF B). RUMSFELD

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